

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]",etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	China
Factory Name	07001535D
IEM	SGS-CSTC Standard Technical Services Co., Ltd
Date(s) in Facility	October 17-20, 2005
PC(s)	Nike, Inc.
Number of Workers	10058
Product(s)	Shoes
Production Processes	Rubber Consistency Process - Upper Stitching - Sole (out sole , mid sole) molding - Sole Assembly Process - Assembly Process (Upper & Sole) - Packing Process

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						Remediation				[Status]	
			Non-Compliance	Risk of Non-Compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company follow up (Cite date of follow up)	Documentation	Completed; Pending; On-going
1. Code Awareness														
Worker/Management Awareness of Code	Nil	FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	The factory did not make workers aware of communication in terms of labor issues between management and union representatives.				Document review, Worker and management interview confirmed it.		Factory will hold meeting for communication between labor union and man agent, and keep record & post to employees.	Nov. 15, 2005		Nov. 24, 2005 The meeting has been held on Nov. 15, 2005 and kept record. Factory will continue to hold this kind meeting monthly. Factory posted to employees and reported in factory newspaper.	observation	completed
Confidential Non-Compliance Reporting Channel	Nil	FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	There was not a confidential communication channel for the workers to raise complaint on labor issues to FLA PC company of Nike.				According to site observation and interview with workers & the managements, auditors found that no complaint telephone number was written on the posted codes of Nike. The factory did not have confidential way for workers to report the non-compliance to FLA PC company.		Make the employees familiar with Nike phone number or other contact information by posters on site	Oct. 31, 2005		Nov. 24, 2005 Factory posted phone number of Nike business unit to provide the employees a channel of contacting Nike. Checked on-site and result was good.	observation	completed
2.Forced Labor														
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise														
3. Child Labor														
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15														
4. Harassment or Abuse														
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.														
5. Nondiscrimination														
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.														

			IEM Findings						Remediation					(Status)
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6. Health and Safety														
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities														
Fire Safety Health and Safety Legal Compliance	China Fire Prevention Law, Article 10: The completed construction project must comply with fire protection design following to the state construction fire protection technical standards and must be delivered for acceptance inspection by Fire Protection Bureau, those which are not inspected or fail to pass the inspection may not be delivered for use.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits	The factory did not obtain effective fire safety inspection certificates of factory building of Street Address 2.				Document review and management interview confirmed it.		Apply for the Fire Protection inspection and obtain certificate from the relevant government department and keep it on file.	Nov. 30, 2005		Dec. 5, 2005 Factory obtained the Fire Protection check and obtained the Certificate of factory building of street address 2 from the local government.	certificate	completed
Evacuation Procedure	The Article 3.5.1 of Fire Safety of Building Design Regulation (GBJ16-87), the number of workshop emergency exits shall not be less than two. The Article 5.3.1 of Fire Safety of Building Design Regulation (GBJ16-87), The number of emergency exits of public building and corridor-type living building shall not less than two.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	1) The injection workshop (IP) at factory address 1 had only one fire exit, which was about 700m2 and 40-45 employees working in. 2) At factory address 2: a) Printing workshop, which was located on the 2nd floor of the sewing workshop building, and about 700 m2 & 14 employees worked there, had only one fire exit.In addition, no exit mark and emergency light was installed in it. b) Only one fire exit was available at the 3-story administrator dormitory building, which was about 560 m2 per floor and total 30 ~ 40 administrators lived in. c) There was one 4-story employee's dormitory building: the 1st and 2nd floors were rented by another factory as dormitory. The employees of audited factory lived on the 3rd and 4th floors (total about 120 employees), but one of the two fire exits was normally locked.				On-site observation confirmed it.		1) Add more exits for escape and update the route signs at the same time. 2)a). Add more exits and emergency lighting and make the evident safely exit marks b)&c) Add more exits and emergency lighting and make the evident safely exit marks	Nov. 30, 2005 2. b)&c) Dec. 31, 2005		1) Dec. 5, 2005 Factory added more exits in IP room. 2)a. Dec 5, 2005 Factory added one more exit and installed exit mark and emergency light.	observation	1)complete d. 2) a. completed. 2) b&c. Completed.
PPE	Clause 54 of China Labor Law: Employer must provide employees with occupational health and safety conditions conforming to the provisions of the state and necessary personal protective equipment and provide regular health examination for employees who engaged in work with occupational hazards.	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	1) About 20% assembly workers did not use mask (adhesive was available) during working time; 2) Two buffing operators did not use earplug during working time; 3) All hot melt operators did not use gloves during working time.				On site observation and verification with workers and interview with management confirmed it.		Educate all supervisors and workers how to wear the PPE appropriately according to the MSDS and also the harm without wearing PPE so that the workers can protect themselves correctly and consciously.	Oct. 20, 2005		Nov. 24, 2005 Factory did survey and strengthened management of wearing PPE. Checked on-site in the workshops. Results are good.	observation	completed
Machinery Maintenance	Article 32 of Regulations on Health and Safety in Factory: Protection device shall be installed for the dangerous parts such as transmission belt, exposed gear, rotating axis, belt wheels and flying sheels.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	About 15 sewing machines were not installed with safety guards on rotation wheels.				On-site observation confirmed it.		Install the safety cover for the stitching machines	Nov. 30, 2005		Dec. 5, 2005 Factory installed safety guards to the rotation wheels of the stitching machines.	observation	completed.

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Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Factory could not provide eligible certificate for the elevators.				According to site observation and interview with workers & the managements.		Manage to find the eligible certificate of the elevators			Factory obtained the eligible certificated of the elevators.	certificate	completed.
Other	Nil			During on-site observation, it is found that ultraviolet radiation light was used on the conveyer line in the stock fit workshop. Factory installed protection glass on the work area to prevent the ultraviolet light from hurting operators, but no material specification or professional testing report was available for indicating the glass had the capacity to screen ultraviolet light and whether the glass may provide effective protection to the operators is uncertain.			According to site observation and interview with workers & the managements.		1. Manage to contact with the manufacturer and obtain the relevant inspection and capability proofing.	Nov. 30, 2005		Dec. 5, 2005 The purpose of the glass is to protect workers form the chemical hazard; the hazard of the indirect light has been minimized by gloves and goggles;	observation	completed.
7. Freedom of Association and Collective Bargaining														
Employers will recognize and respect the right of employees to freedom of association and collective bargaining														
		FLA Comment: <i>The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms.</i>												
		<i>The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.</i>												
8. Wages and Benefits														
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits														
Legal Benefits	China Labor Law, Article 72: The sources of social insurance funds shall be determined according to the categories of insurance, and an overall pooling of insurance funds from the society shall be introduced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.	Employers will provide all legally mandated benefits to all eligible workers	The factory provided Social insurance (only retirement and injury insurance) for all 9617 employees from countryside, but not all five social insurances (retirement, medical, injury, unemployment and maternity insurance) was provided.				The social insurance payment record confirmed that not all kinds of social insurance was provided for all employees.		Pay social insurance for all employees as required by the local government.	Nov. 30, 2005		According to the certificate from the local social insurance management center, the factory can only cover pension and injury insurance for the employees from the countryside and it meets the local regulations.	certificate	completed

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9. Hours of Work														
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period														
Overtime Limitations	Clause 38 of China Labor Law: The employer shall guarantee its employees have at least one day off in a week.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	Based on payrolls and attendance records, the factory did not provide consecutive 24 hours rest for about 33.3 % employees of the sewing workshop in the Factory Address 12, which violated the Clause 38 of China Labor Law; the employer shall guarantee that its employees have at least one day off in a week (one day off means consecutive 24 hours rest). (details please refer to the report)				Attendance sheets and management interview confirmed it.		Provide the workers with uninterrupted 24 hours rest in one week to ensure no OT in the employees who worked by 3 shifts.	Oct. 31, 2005		Nov. 24, 2005 Factory provided the workers who work by 3 shifts 24 hours uninterrupted rest from then on. Checked the working time record of those workers through the working time system. Result is good.	time records	completed
10. Overtime Compensation														
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.														
Miscellaneous														